

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Friday, September 23, 2016 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Marvin Fuller called the meeting to order at 6:32 a.m. Board Members present were John Yeager, Mitch Herzog, and Demond Dawkins.

Ex-officio members Mayor Eric Hogue was present and Chief Parker attended for City Manager Mindy Manson.

WEDC staff present was Executive Director Sam Satterwhite, Assistant Director Jason Greiner and Senior Assistant Angel Wygant.

CITIZEN PARTICIPATION

Lynn Grimes was in attendance and reminded the Board that the annual Boo on Ballard Event would be held on October 27th in historic downtown Wylie. In addition, the B&B fun run would be held on November 19th at 9:30 a.m. benefitting the Christian Care Center.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the August 19, 2016 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve the August 19, 2016 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the August 2016 Treasurer's Report.

MOTION: A motion was made by John Yeager and seconded by Demond Dawkins to approve the August 2016 WEDC Treasurer's report. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – Consider and act upon a performance agreement between the WEDC and ACG Texas, LP.

Staff informed the Board that ACG Texas initially approached the WEDC in an attempt to evaluate options surrounding the construction of a 4,525 square foot commercial building near FM 544 and

County Club Road within the Kroger Marketplace anchored Woodbridge Centre. ACG Texas plans to construct a new IHOP Restaurant on the pad site adjacent to The Rock Wood Fired Kitchen. Based upon direction provided within Executive Session, staff is presenting a Performance Agreement to provide financial assistance to ACG.

ACG Texas has a project cost of \$1,100,000 (not including land acquisition) and plans to hire 40 employees at the new location. Should ACG close on the site and the project moves forward, construction will begin within the first quarter of 2017 with an estimated completion date within the third quarter of 2017.

ACG Texas received a variance from the Board of Adjustments to allow shared parking with Kroger, thus reducing their required footprint. This variance helps ensure that this property is being designed to allow for future development between the ACG pad site and the Starbucks. If the variance had been denied, this project would have required much more on-site parking than the current 1.05-acre site would allow and it would have severely limited future development on the adjacent 1.08-acre site.

ACG Texas has requested that the WEDC provide economic assistance to offset the cost of qualified infrastructure improvements for the project. The attached Agreement proposes a total maximum incentive of \$35,000 which is broken down as follows with the corresponding performance measures:

Incentive No. 1 \$35,000

- Construction of 4,525 sq ft IHOP Restaurant within Woodbridge Centre
- Total project costs verified at \$1,100,000
- Qualified Infrastructure costs verified at \$35,000
- ACG is current on property taxes
- Certificate of Occupancy is issued no later than December 31, 2017

Should ACG Texas fail to meet the Performance Measures for Incentive No. 1, the entire Performance Agreement is voided in advance. Further, no partial incentive payments will be provided.

Staff noted an amendment to the Agreement as presented. ACG had contacted staff after Board Packets had been distributed and requested a change of signator on the agreement from Joseph Langteau, President & CEO to Mike Evans, President.

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between WEDC and ACG Texas, LP, as amended, providing for an incentive of \$35,000 and further authorizing the WEDC Executive Director to execute said Agreement.

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve a Performance Agreement, as amended, between WEDC and ACG Texas, LP providing for an incentive of \$35,000 and further to authorize the WEDC Director to execute said Agreement. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 4 – Consider and act upon a Performance Agreement between WEDC and Mil-Tib GP, LLC.

Staff reminded the Board that on several different occasions over the past ten years, the WEDC has discussed redevelopment options for a property located at the southeast corner of Ballard Street and State Highway 78 (owned by the Tibbals family). The closest the property came to selling was for a three pad-site development anchored by Twisted Root, but negotiations fell apart at the final hour.

Since that time several entities have approached the Tibbals in an attempt to repurpose the existing structure. Multiple obstacles exist for the building to be used relating to code requirements for fire sprinklers and allowable parking surfaces which have significant expense. Thus the conclusion for some time has been that the supermarket must come down to which this item is addressing.

In an effort to stimulate redevelopment on this corner and of equal importance to enhance the aesthetic appeal of the 78 corridor, staff is recommending that the WEDC Board consider partnering with the Tibbals family to demolish the supermarket which is comprised of 14,344 square feet and sits on 0.66 acre. Further, the Tibbals family owns additional properties in the area which are contiguous to the supermarket totaling 2.35 acres. The joint demolition effort with Tibbals and the WEDC does not include a building owned by the Tibbals just north and adjacent to the supermarket which is leased by LPL Financial and is approximately 1,400 square feet. The LPL building is maintained well and has a significant useful life as-is so therefore there is no reason to be included in this project.

The Tibbals family in coordination with the WEDC received a quote to take down the Wylie Supermarket of \$76,500. The total figure is comprised of \$60,000 in demolition, \$1,500 for an asbestos survey, and \$15,000 for asbestos remediation. Staff is proposing that the WEDC Board approve participation in the demolition up to 50% of the costs not to exceed \$38,250. Staff has stipulated with the Tibbals family that if the WEDC participates and should the property upon which the Wylie Supermarket sits is sold to a tax exempt entity within 10 years of completion, Mil-Tib GP, LLC will be required to reimburse the WEDC an amount equal to \$10,000.

The Board asked Staff how it arrived at the penalty amount. Staff explained that given the asking price Mil-Tib anticipates for the property it is unlikely that it will sell to a tax exempt entity. Even so, staff incorporated this penalty as a further disincentive. Staff commented that should the Board direct staff to increase the penalty staff will revisit the issue with Mil-Tib, but is currently in agreement with Mil-Tib for the \$10,000.

The Board requested that a stipulation be included requiring a 'For Sale' sign be posted within 6 months of completion of demolition. Staff anticipates demolition commencing within 30 days and being complete within 2 months. A question arose about the cost of demolition and staff explained that Intercon Demolition, the winning bidder for the Hwy 78 and Industrial Court bid process, provided a price with which both parties were comfortable with.

Staff recommended that the WEDC Board of Directors authorize the Executive Director to generate a Performance Agreement based upon the recommended terms and Board input, between the WEDC and Mil-Tib GP, LLC within which the WEDC funds 50% of costs associated with demolishing a structure located at 209 S. Ballard, Wylie, Texas in an amount not to exceed \$38,250, providing for

a penalty should the property be sold to a tax-exempt entity, and further authorizing the WEDC Executive Director to execute said Agreement.

MOTION: A motion was made by John Yeager and seconded by Mitch Herzog to authorize the Executive Director to generate a Performance Agreement between WEDC and Mil-Tib GP, LLC within which the WEDC funds 50% of costs associated with demolishing a structure located at 209 S. Ballard, Wylie, Texas in an amount not to exceed \$38,350, providing a penalty should the property be sold to a tax-exempt entity, and further authorizing the WEDC Executive Director to execute said Agreement. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

DISCUSSION ITEMS

ITEM NO. 5 - Staff Report: Staff report: review issues surrounding WEDC Performance Agreements, Patna Properties, Inventrust, Cotton Patch, 605 Commerce, McClure Partners, demolition of WEDC properties, Executive Director performance evaluation, and regional housing starts.

WEDC Performance Agreement Summary

Attached for the Board's review was a summary of all outstanding Performance Agreements including: Ascend Custom Extrusion, All State Fire Equipment, B&B Theatres Operating Company, Clark Street Development, Dank Real Estate, Exco Extrusion Dies, FLM Development, Freudiger Holdings, Getset, KREA Acquisition, McClure Partners, Patna Properties, VIAA Properties, Von Runnen Holdings, Woodbridge Crossing, the Wedge Corporation and Wylie Flower & Gift.

Woodbridge Crossing

Attached for the Board's review is the Sales Tax Reimbursement Report which identifies all sales taxes received through August 2016 within Woodbridge Crossing for the City General Fund, the WEDC, and the 4B. As a reminder, the City and WEDC reimbursed 85% of all sales tax generated within Woodbridge Crossing through September 2013 with the reimbursement percentage reduced to 65% thereafter. Due to the default under the Amended and Restated Performance Agreement, Woodbridge Crossing is only eligible to receive up to \$6 million in sales tax reimbursement through September 2021 as opposed to the maximum reimbursement of \$12 million originally contemplated.

\$3,745,116.50 in reimbursement has been earned through August 2016 with net receipts of \$2,958,444.99 after reimbursements. As well, it is estimated that \$3.5 mm has been paid in ad valorem taxes to the City of Wylie (excluding the WISD).

As shown on the Sales Tax Reimbursement Report, \$151,850.10 was generated in sales tax in June 2016 versus \$127,061.34 in June 2015. The reported sales tax represents 19.5% increase over 2015 receipts.

Patna Properties

Pulliam Construction Management has completed construction of a 4,300 square foot medical office building for Dr. Ahmad. Patna is required to provide documentation for a total construction cost of no less than \$700,000, property taxes are current, and a certificate of occupancy. Construction cost came in at \$803,000 with all other documentation submitted. Staff will be issuing Payment #1 of \$20,000 and in 2017 Incentive Payment #2 of \$10,000 will be funded upon Patna achieving an appraised value of at least \$707,000.

Inventrust

As reported previously, Inventrust had proposed a 10,000 square foot strip center adjacent to Cotton Patch. A flyer distributed to the brokerage community was attached for the Board's review.

Cotton Patch

The new Cotton Patch within Woodbridge Crossing will be completed on or about October 1st. Staff has reached out to the Real Estate Director for Cotton Patch to discuss how we can help with any grand opening activities.

605 Commerce

Attached for the Board's review was a spreadsheet tracking all activities with W&M Environmental for FY 2014-15 and FY 2015-16. W&M has prepared Phase I & II reports for Mann Made, K&M, Business Way, is processing the VCP application for the Commerce property, and processing the Municipal Setting Designation through the City.

McClure Partners

McClure Partners has closed on the Williford Tract and executed an agreement to build a 6,000 square foot commercial structure. Demolition of existing structure and clearing of the site will begin September 23rd with construction of the new facility sometime in the first quarter of 2017.

McClure is also making progress on their three pads with Freddy's and Bush's Chicken. Another chicken concept is probably not our first choice but we need to keep in mind where we began on this property 10+ years ago.

Demolition of WEDC Properties

Intercon Demolition has indicated that all demolition and final grading will be complete by September 23rd. Erosion control will be in place by September 21.

Executive Director Performance Evaluation

On the October agenda and within Executive Session, the WEDC Board will be evaluating the performance of the Executive Director. Within the next week President Fuller will distribute evaluation forms to be completed by each Board Member and returned on or about October 10, 2016.

Regional Housing Starts

Twenty-five homes were permitted in Wylie for the month of August 2016. Sachse, Lavon, Murphy permitted a combined fifty-three with Inspiration permitting eight homes over the same period.

No action was requested by staff for this item.

EXECUTIVE SESSION

Recessed into Closed Session at 7:08 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.072 (Real Estate) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Consider the sale or acquisition of properties located near the intersection of:

- Cooper & State Highway 78
- F.M. 544 & Commerce
- Sanden & Hensley
- Highway 78 & Birmingham

Section 551.087 (Economic Development) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Project 2016-1b
- Project 2016-9a
- Project 2016-10a

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 8:30 a.m. and took no action.

ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 8:30 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director